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December 1, 2008

Mr. Ernest Johnson  
Director, Utilities Division  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

RE: Self-Certification of Environmental Compatibility for the North Valley 230kV  
Transmission Line Project, Decision 65997  
DOCKET NO. L-00000D-02-0120-00000

Dear Mr. Johnson:

Pursuant to Decision No. 65997 dated June 18, 2003, Condition No. 22, Arizona Public Service is hereby filing its self-certification letter and documentation for the North Valley 230kV Transmisison Line Project.

If you should have any questions, please contact Jeff Johnson at 602-250-2661.

Sincerely,

Barbara Klemstine

BK/dst

Attachments

Cc: Docket Control  
Arizona Corporation Commission

Brian Bozzo  
Compliance and Enforcement  
Arizona Corporation Commission

John Foreman, Chariman  
Arizona Power Plant &  
Line Siting Committee  
Office of the Attorney General

Jim Arwood, Sr. Director  
Arizona Department of Commerce Energy Office

Herb Guenther, Director  
Arizona Department of Water Resources

Arizona Corporation Commission

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**North Valley 230kV  
Transmission Line Project**

Docket No. L-00000D-02-0120  
Arizona Corporation Commission  
Decision No. 65997

***Certificate of Environmental  
Compatibility Compliance***

**December 2008**

ARIZONA PUBLIC SERVICE  
NORTH VALLEY 230kV TRANSMISSION LINE PROJECT

*Summary of Certificate of Environmental Compatibility  
Compliance*

INTRODUCTION:

Arizona Public Service Company (APS) is submitting the following self-certification documentation pursuant to Condition 22 of the North Valley 230kV Transmission Line Project, Certificate of Compatibility Case No. 120, Docket No. L-00000D-02-120, Decision No. 65997.

The following Condition Table lists all the requirements and the status of compliance activities.

No construction activities have occurred as of November 1, 2008; therefore, many of the certificate conditions do not apply at this time.

In 2007, APS received authorization to construct the TS-9 to Pinnacle Peak 500/230kV Project as part of Decision No. 69343, which included a significant portion of the route approved for the North Valley Project. As a result of that decision, it is the intent of APS to construct a 500kV and 230kV circuit in the same general location authorized for a double-circuit 230kV transmission line as part of Decision No. 65997.

On March 21, 2007, APS filed a 40-252 Application with the Arizona Corporation Commission to partially revoke the approval to construct the double-circuit 230kV line authorized in Decision No. 65997, limiting such approval to that portion of the line between the Raceway and Westwing Substations. As of the date of this compliance filing, no action has been taken by the ACC on the 40-252 Application.

Compliance actions related to project development activity in areas common to both Cases 120 and 131 will be provided in greater detail in the filing for Case 131. References to that document are included in some of the compliance activity responses in this filing.

<b>Arizona Public Service</b> <b>Summary of Certificate of Environmental Compatibility Compliance</b> <b>North Valley 230kV Transmission Project</b>	
<b>Certificate Condition</b>	<b>Compliance</b>
1) The Applicant shall obtain all required approvals and permits necessary to construct the Project	<p>Activities associated with the segments of this project that are similar to those of the TS-9 to Pinnacle Peak 500/230kV Project (Case #131) are documented in the 2008 compliance filing for that project.</p> <p>Final design or construction for all other segments of this project is not complete as of November 1, 2008; however, activities and documents related to this Condition will be provided when applicable.</p>
2) The Applicant shall comply with all existing applicable air and water pollution control standards and regulations, and with all existing applicable ordinances, master plans and regulations of the State of Arizona, the County of Maricopa, the United States and any other governmental entities having jurisdiction.	<p>Activities associated with the segments of this project that are similar to those of the TS-9 to Pinnacle Peak 500/230kV Project (Case #131) are documented in the 2008 compliance filing for that project.</p> <p>Final design or construction for all other segments of this project is not complete as of November 1, 2008; however, activities and documents related to this Condition will be provided when applicable.</p>
3a) This authorization to construct the Project shall expire 10 years from the date the Certificate is approved by the Arizona Corporation Commission unless construction is completed to the point that the first circuit of the Project is capable of operating by that time; provided, however, that the authorization to construct the second circuit of the Project shall expire 15 years from the date of this Certificate; and further provided, however, that prior to either such expiration the Applicant or its assignees may request that the Commission extend this time limitation.	<p>Project was certificated June 18, 2003. Authorization to construct the first circuit of the Project expires June 18, 2013. An extension of the term of the Certificate is not required as of this filing.</p>

<b>Arizona Public Service</b> <b>Summary of Certificate of Environmental Compatibility Compliance</b> <b>North Valley 230kV Transmission Project</b>	
<b>Certificate Condition</b>	<b>Compliance</b>
<p>3b) Prior to constructing any segment of the Project (except for the segment on the Roles Property), Applicant shall file with the Commission technical studies showing the feasibility of interconnecting the Table Mesa 500kV substation with the Project. These technical studies should determine (i) the impact of the proposed new Phoenix area transmission import delivery point on Phoenix area Reliability Must Run ("RMR") generation requirements, and (ii) the impact on staging and necessity of 230kV elements authorized for construction in this CEC. As part of those studies, Applicant shall investigate the impacts of interconnecting the Westwing to Navajo 500kV line. Such studies are to be performed in a collaborative transmission planning study forum such as the ten-year Phoenix area RMR study required by January 31, 2004, or the Central Arizona Transmission Study forum.</p>	<p>Final design or construction for this project is not complete as of November 1, 2008; however, activities and documents related to this Condition will be provided when applicable.</p>
<p>3c) Prior to constructing any segment of the Project (except for the segment on the Roles Property), Applicant shall submit a report to the ACC Utilities Division Staff showing how the design appropriately balances pole height, location and span with system reliability. The report shall also demonstrate that any system consolidation shall not detrimentally impact system reliability at the time of construction.</p>	<p>Final design or construction for this project is not complete as of November 1, 2008; however, activities and documents related to this Condition will be provided when applicable.</p>
<p>4) The Applicant shall make every reasonable effort to identify and correct, on a case-specific basis, all complaints of interference with radio or television signals from operation of the transmission line and related facilities addressed in this Certificate. In addition to any transmission repairs, relevant corrective actions may include adjusting or modifying receivers; adjusting, repairing, replacing or adding antennas, antenna signal amplifiers, filters, or lead-in cables; or other corrective actions.</p> <p>The Applicant shall maintain written records for a period of five years of all complaints of radio or television interference attributable to operation, together with the corrective action taken in response to each complaint. All complaints shall be recorded to include notations on the corrective action taken. Complaints not leading to a specific action or for which there was no resolution shall be noted and explained. The record shall be signed by the Applicant and also the complainant, if possible, to indicate concurrence with the corrective action or agreement with the justification for a lack of action.</p>	<p>Final design or construction for this project is not complete as of November 1, 2008; however, activities and documents related to this Condition will be provided when applicable.</p>
<p>5) The North Valley project shall comply with applicable noise standards of the federal Department of Housing and Urban Development and the Environmental Protection Agency.</p>	<p>Final design or construction for this project is not complete as of November 1, 2008; however, activities and documents related to this Condition will be provided when applicable.</p>

**Arizona Public Service**  
**Summary of Certificate of Environmental Compatibility Compliance**  
**North Valley 230kV Transmission Project**

Certificate Condition	Compliance
<p>6) The Applicant shall continue to consult with the State Historic Preservation Office ("SHPO") to reach a determination of any cultural or archaeological impacts as a result of construction activities. If the result is a determination of negative impact, the Applicant shall continue to consult with the SHPO to resolve the negative impacts. The Applicant will provide a treatment plan, to minimize impacts, for SHPO review and approval and shall continue to consult with SHPO to resolve any such impacts. The Applicant shall avoid and/or minimize impacts to properties considered eligible for inclusion in the State and National Register of Historic Places to the extent possible.</p>	<p>Activities associated with the segments of this project that are similar to those of the TS-9 to Pinnacle Peak 500/230kV Project (Case #131) are documented in the 2008 compliance filing for that project.</p> <p>Final design or construction for all other segments of this project is not complete as of November 1, 2008; however, activities and documents related to this Condition will be provided when applicable.</p>
<p>7) If the Applicant determines that historic-period structures Beardsley Canal and Black Canyon Road and archaeological sites AZ T:7:192 (ASM), AZ T:3:1 (MNA) and AZ T:3:2 (MNA) cannot be avoided, then the Applicant shall plan and implement a mitigation program in consultation with SHPO</p>	<p>Refer to the response to Condition 6.</p>
<p>8) If human remains and/or funerary objects are encountered during the course of any ground disturbing activities relating to the development of the subject property, Applicant shall cease work on the affected area of the Project and notify the Director of the Arizona State Museum in accordance with A.R.S. §41-865.</p>	<p>Final design or construction for this project is not complete as of November 1, 2008; however, activities and documents related to this Condition will be provided when applicable.</p>
<p>9) Applicant shall retain an archaeologist on site during construction activities in applicable areas, as determined by SHPO, to advise them in connection with any additional archaeological studies that may be required and any mitigation efforts for archaeological sites that may be affected by the construction of the Project.</p>	<p>Final design or construction for this project is not complete as of November 1, 2008; however, activities and documents related to this Condition will be provided when applicable.</p>
<p>10) After construction, the Applicant, in conjunction with any applicable land-managing agency, shall allow Arizona Site Stewards, a volunteer-staffed SHPO program, to periodically inspect the sites within the corridor for vandalism or other damage.</p>	<p>Final design or construction for this project is not complete as of November 1, 2008; however, activities and documents related to this Condition will be provided when applicable.</p>
<p>11) The Applicant shall follow the Arizona State Land Department's instructions, if any, regarding the treatment of State Register of Historic Places eligible properties situated on Arizona State Land Department land in consultation with SHPO.</p>	<p>Refer to the response to Condition 6.</p>

<b>Arizona Public Service</b> <b>Summary of Certificate of Environmental Compatibility Compliance</b> <b>North Valley 230kV Transmission Project</b>	
<b>Certificate Condition</b>	<b>Compliance</b>
12) In consultation with SHPO and the land-managing agency, the Applicant will consider and assess potential direct and indirect impacts to eligible properties related to new access roads or any existing access roads that require blading.	Refer to the response to Condition 6.
13) The Applicant shall design the transmission lines so as to minimize impacts to raptors.	<p>Activities associated with the segments of this project that are similar to those of the TS-9 to Pinnacle Peak 500/230kV Project (Case #131) are documented in the 2008 compliance filing for that project.</p> <p>Final design or construction for all other segments of this project is not complete as of November 1, 2008; however, activities and documents related to this Condition will be provided when applicable.</p>
14) Where practicable, the Applicant shall use existing roads for construction and access. The Applicant shall minimize vegetation disturbance, particularly in drainage channels and along stream banks, and shall re-vegetate or restore areas of construction disturbance.	<p>Activities associated with the segments of this project that are similar to those of the TS-9 to Pinnacle Peak 500/230kV Project (Case #131) are documented in the 2008 compliance filing for that project.</p> <p>Final design or construction for all other segments of this project is not complete as of November 1, 2008; however, activities and documents related to this Condition will be provided when applicable.</p>

**Arizona Public Service**  
**Summary of Certificate of Environmental Compatibility Compliance**  
**North Valley 230kV Transmission Project**

Certificate Condition	Compliance
<p>15) The Applicant shall use non-specular conductor and dulled surfaces for transmission line structures.</p>	<p>Activities associated with the segments of this project that are similar to those of the TS-9 to Pinnacle Peak 500/230kV Project (Case #131) are documented in the 2008 compliance filing for that project.</p> <p>Final design or construction for all other segments of this project is not complete as of November 1, 2008; however, activities and documents related to this Condition will be provided when applicable.</p>
<p>16) Within 45 days of securing easement or right-of-way for the Project, the Applicant shall erect and maintain signs providing public notice that the property is the site of a future transmission line. Such signage shall be no smaller than a normal roadway sign. The Applicant shall place signs in prominent locations at reasonable intervals such that the public is notified along the full length of the transmission line until the transmission structures are constructed. There also must be signs at the location of the proposed substations. The signs shall advise: a) That the site has been approved for the construction of Project facilities including a 230kV transmission line, as applicable to the individual site; b) The expected date of completion of the Project facilities; and c) A phone number for public information regarding the Project.</p>	<p>This information was previously provided in the 2004 and 2005 compliance submittals under Tab marked Condition 16.</p> <p>Signs located along the portions of the North Valley 230kV Project corridor that are included in the TS-9 to Pinnacle Peak 500/230kV Project corridor have been replaced with new signs identifying that project. APS continues to maintain the previously identified signs in all other areas.</p>
<p>17) In the event that the Project requires an extension of the term of this Certificate prior to completion of construction, Applicant shall use reasonable means to directly notify all landowners and residents within a one-half-mile radius of the Project facilities for which the extension is sought. Such landowners and residents shall be notified of the time and place of the proceeding in which the Commission shall consider such request for extension.</p>	<p>An extension of the term of the Certificate is not required as of this filing.</p>

**Arizona Public Service**  
**Summary of Certificate of Environmental Compatibility Compliance**  
**North Valley 230kV Transmission Project**

Certificate Condition	Compliance
<p>18) Before construction on the Project may commence, the Applicant must file a construction mitigation and restoration plan with the ACC Docket Control with copies to affected areas of jurisdiction. The Applicant shall, within one year of completion of construction of the Project, rehabilitate to its original state any area disturbed by construction of the Project, except for any road that may be necessary to access the transmission lines or substation sites for maintenance and repair. The goals of the plan will be to: a) Avoid impacts where practical; b) Where impacts are unavoidable, minimize impacts; and c) Focus on site preparation to facilitate natural processes of revegetation. Other key elements of the Plan, when not inconsistent with the respective land management agencies' or local owners' requirements, are to a) Emphasize final site preparation to encourage natural revegetation; b) Avoid (i.e., preserve), where practical, mature native trees; c) Stipulate a maximum construction corridor width; d) Reserve topsoil and native plant materials from right-of-way before grading, and respread over the right-of-way after construction is complete; e) Imprint the restored right-of-way to provide indentations to catch seed and water; f) Implement best management practices to protect the soil; g) Apply restoration methods that have been shown to work in the desert environment; and h) Prevent, where applicable, the spread of noxious weeds or other undesirable species. A separate construction mitigation and restoration plan shall be submitted for the conducting of the second circuit on the Project if such conducting does not occur at the same time as the remainder of the Project is constructed.</p>	<p>Activities associated with the segments of this project that are similar to those of the TS-9 to Pinnacle Peak 500/230kV Project (Case #131) are documented in the 2008 compliance filing for that project.</p> <p>Final design or construction for all other segments of this project is not complete as of November 1, 2008; however, activities and documents related to this Condition will be provided when applicable.</p>
<p>19) Applicant shall retain a qualified biologist to monitor all ground clearing/disturbing construction activities that may affect sensitive habitat. The biological monitor will be responsible for ensuring proper actions are taken if a special status species is encountered. If Sonoran desert tortoises are encountered during construction, the Applicant shall follow the Arizona Game and Fish Department's Guidelines for Handling Sonoran Desert Tortoises.</p>	<p>Final design or construction for this project is not complete as of November 1, 2008; however, activities and documents related to this Condition will be provided when applicable.</p>
<p>20) Applicant shall salvage mesquite, ironwood, saguaro and palo verde trees removed during project construction activities consistent with Arizona's Native Plant Law and use the vegetation for reclamation in or near its original location.</p>	<p>Final design or construction for this project is not complete as of November 1, 2008; however, activities and documents related to this Condition will be provided when applicable.</p>
<p>21) Applicant shall implement landscaping for the substation sites in accordance with the applicable municipal planning and zoning requirements.</p>	<p>Final design or construction for this project is not complete as of November 1, 2008; however, activities and documents related to this Condition will be provided when applicable.</p>

<b>Arizona Public Service</b> <b>Summary of Certificate of Environmental Compatibility Compliance</b> <b>North Valley 230kV Transmission Project</b>	
<b>Certificate Condition</b>	<b>Compliance</b>
22) The Applicant shall submit a self-certification letter annually, identifying which conditions contained in the Certificate have been met. Each letter shall be submitted to the Utilities Division Director on December 1, beginning in 2004. Attached to each certification letter shall be documentation explaining in detail how compliance with each condition was achieved. Copies of each letter, along with the corresponding documentation, also shall be submitted to the Arizona Attorney General, Department of Water Resources and Department of Commerce Energy Office.	Compliance of this Condition is evidenced by the submission of this filing.
23) For the segment of the route that crosses the planned Happy Valley Road Towne Center property leased by Roles and located at the southeast corner of I-17 and Happy Valley Road ("Roles Segment"), Applicant shall:	<p>Activities associated with the segments of this project that are similar to those of the TS-9 to Pinnacle Peak 500/230kV Project (Case #131) are documented in the 2008 compliance filing for that project.</p> <p>Final design or construction for all other segments of this project is not complete as of November 1, 2008; however, activities and documents related to this Condition will be provided when applicable.</p>
23a) Construct 230kV double-circuit tangent steel monopoles and relocate the existing 69kV transmission line to such monopoles at Applicant's expense.	<p>Activities associated with the segments of this project that are similar to those of the TS-9 to Pinnacle Peak 500/230kV Project (Case #131) are documented in the 2008 compliance filing for that project.</p> <p>Final design or construction for all other segments of this project is not complete as of November 1, 2008; however, activities and documents related to this Condition will be provided when applicable.</p>
23b) Match spans with existing structures that shall have a minimum ground clearance equal to or greater than the ground clearance of the existing lines on the Roles Segment.	<p>Final design or construction for this project is not complete as of November 1, 2008; however, activities and documents related to this Condition will be provided when applicable.</p>

**Arizona Public Service**  
**Summary of Certificate of Environmental Compatibility Compliance**  
**North Valley 230kV Transmission Project**

Certificate Condition	Compliance
23c) Use commercially reasonable efforts to locate structures within the existing transmission line easement across the property.	<p>Activities associated with the segments of this project that are similar to those of the TS-9 to Pinnacle Peak 500/230kV Project (Case #131) are documented in the 2008 compliance filing for that project.</p> <p>Final design or construction for all other segments of this project is not complete as of November 1, 2008; however, activities and documents related to this Condition will be provided when applicable.</p>
23d) Work in good faith with Roles, Salt River Project, and the Western Area Power Administration to facilitate the reconstruction of the existing 230kV transmission structures on the property as monopoles, with the costs of such reconstruction to be allocated as agreed to by Applicant and Roles.	This information was previously provided in the 2004 compliance submittal under Tab marked Condition 23(d).
23e) Construct Applicant's monopoles on the property within one year of the effective date of this Certificate provided that Roles has final, approved plans and permits to construct at that time and has commenced construction; however, if Roles has not accomplished the foregoing within one year of the Effective Date of the Certificate, Applicant's obligation to construct shall be at such time that Roles has final, approved plans and permits to construct and has commenced construction.	No changes have taken place related to this condition since the 2007 filing.
23f) Relocate Applicant's existing 69kV transmission line within the same period described in (e) provided that an outage on the 69kV transmission line can be safely and reliably taken during that period.	No changes have taken place related to this condition since the 2007 filing.

<b>Arizona Public Service</b> <b>Summary of Certificate of Environmental Compatibility Compliance</b> <b>North Valley 230kV Transmission Project</b>	
<b>Certificate Condition</b>	<b>Compliance</b>
<p>24) Applicant shall continue to coordinate this Project with both SRP and Western Area Power Administration ("WAPA") to ensure that all possible projects are maximally integrated, taking into account serving Arizona's growing need for electrical service, ensuring reliability for the Project and the Arizona Transmission System and minimizing any and all adverse environmental impacts. Applicant shall provide to the ACC written confirmation of continuing efforts at coordination as described above as part of its compliance with this Certificate.</p>	<p>The APS local transmission planning process is coordinated with other regional utilities, including Western Area Power Administration and Salt River Project through recurring quarterly joint-coordination meetings, as well as other day-to-day communication. This transparency has fostered the development of electric infrastructure that has maintained reliability and met load growth. In addition to its local planning process, APS coordinates its transmission planning with other transmission providers and stakeholders in the Desert Southwest, and the Western Interconnection as a whole, through its active participation in the Southwest Area Transmission (SWAT) planning group, membership in WestConnect, membership in the Western Electricity Coordinating Council (WECC) and participation in the WECC Transmission Expansion Planning Policy Committee (TEPPC) and its Technical Advisory Subcommittee (TAS).</p>
<p>25) With respect to the project, Applicant shall participate in good faith in state and regional transmission study forums, and shall coordinate transmission expansion plans related to the Project to resolve transmission constraints in a timely manner.</p>	<p>See response in "Compliance" to Item 24 above.</p>

**Arizona Public Service**  
**Summary of Certificate of Environmental Compatibility Compliance**  
**North Valley 230kV Transmission Project**

Certificate Condition	Compliance
<p>26) The following condition is to ensure transmission system safety and reliability when a transmission structure is placed within one hundred feet of a natural gas or hazardous liquid pipeline right-of-way, excluding distribution lines as defined by the Code of Federal Regulations. Under such circumstances, the Applicant shall: a) Provide the appropriate grounding and cathodic protection studies to show that the transmission line results in no material adverse impacts to such natural gas or hazardous liquid pipeline, whose right-of-way is a hundred feet or less from the transmission structure, when both are in operation. A report of the studies shall be provided to the ACC by the Applicant as part of its compliance with the Certificate. If material adverse impacts are noted in the studies, Applicant shall take the appropriate steps to ensure such material adverse impacts are eliminated. Applicant shall provide to the ACC written documentation of the actions that were taken and provide documentation showing that no material adverse impacts are occurring. b) Adopt a written mitigation plan outlining any and all steps taken to protect all electric facilities associated with the transmission line as a result of this Project from any potential hazards that could occur whenever a transmission line structure is placed 100 feet or less from any such pipeline right-of-way. The plan shall indicate what corrective action will be taken to mitigate any potential hazard that could occur. A potential hazard includes, but is not limited to, a rupture or explosion resulting from the pipeline. The written mitigation plan shall be provided to the ACC by the Applicant as part of its compliance with this Certificate and shall be subject to approval from Commission Staff. Applicant shall implement the written mitigation plan during a hazard as part of its compliance with this Certificate.</p>	<p>Activities associated with the segments of this project that are similar to those of the TS-9 to Pinnacle Peak 500/230kV Project (Case #131) are documented in the 2008 compliance filing for that project.</p> <p>Final design or construction for all other segments of this project is not complete as of November 1, 2008; however, activities and documents related to this Condition will be provided when applicable.</p>
<p>27) The Applicant shall provide copies of this Certificate to appropriate city and county planning agencies.</p>	<p>This condition was previously provided in the 2004 compliance submittal under Tab marked Condition 27.</p>
<p>28) In the final siting of this line, Applicant will work in good faith to offset lines approximately ¼ mile from the Dove Valley Road alignment.</p>	<p>Activities associated with the segments of this project that are similar to those of the TS-9 to Pinnacle Peak 500/230kV Project (Case #131) are documented in the 2008 compliance filing for that project.</p> <p>Final design or construction for all other segments of this project is not complete as of November 1, 2008; however, activities and documents related to this Condition will be provided when applicable.</p>

<b>Arizona Public Service</b> <b>Summary of Certificate of Environmental Compatibility Compliance</b> <b>North Valley 230kV Transmission Project</b>	
<b>Certificate Condition</b>	<b>Compliance</b>
29) Applicant shall make good faith effort to work with affected municipalities and land management agencies to encourage future development to move major arterials away from major transmission corridors.	As reported in the 2005 filing, APS continues to work with the Cities of Phoenix and Peoria on recognizing transmission line corridors in their general plans and has worked with the Arizona Department of Transportation regarding the plans for the Loop 303 and I-17.
30) Applicant shall work with the developers along the route to include the identity and location of the certificated route in the developers' homeowners' disclosure statement.	APS provides support for developers regarding transmission facilities on its siting website at <a href="http://www.aps.com/siting">www.aps.com/siting</a> along with links to current and completed High Voltage transmission siting projects.